

CALIFORNIA ENERGY COMMISSION  
OFFICE OF THE COMMISSIONERS  
1516 NINTH STREET  
SACRAMENTO, CA 95814-5512



STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

Implementation of Restructuring	)	Docket No. 98-REN-CCS
Legislation (Public Utilities Code	)	Notice of Adoption
Sections 381, 383.5 and 445	)	RE: Review of Customer Credit
[AB 1890, SB 90]: Renewables	)	Subaccount <i>Guidebook</i>

NOTICE OF ADOPTION  
OF CHANGE IN THE CREDIT LEVEL FOR THE  
CUSTOMER CREDIT SUBACCOUNT

As part of its regularly scheduled Business Meeting on June 14, 2000, the California Energy Commission adopted a reduction in the cent-per-kilowatt-hour (kWh) credit level in the *Guidebook for the Renewable Technology Program, Volume 4 — Customer Credit Subaccount Guidebook (Guidebook)*, version dated November 1999. The credit level is the rebate amount available for eligible sales of renewable energy and is funded from the Customer Credit Subaccount of the Renewable Resource Trust Fund.

**Effective July 1, 2000, through December 31, 2000, (load served July — December 2000), the credit level is set at 1.0 cent per kWh. Previously, the credit level was 1.25 cents per kWh.**

**Background**

The change was first proposed by the Renewable Energy Program staff and was discussed at a public workshop on May 1, 2000. The Renewable Energy Committee subsequently accepted the staff's proposal and recommended that the Commission consider adopting the change at the June 14, 2000, Business Meeting.

The new credit level was adopted pursuant to the *Commission's Overall Guidelines for the Renewable Resource Trust Fund* which states that the full Commission must adopt any substantive change and that any change takes effect upon adoption.

**Attachment**

The attachment to this notice includes the revised pages of the *Guidebook* that reflect the adopted change. The attachment replaces the cover, the introductory page, and

pages 2 and 10 of the November 1999 *Guidebook*. Pages 1 and 9 are included for your convenience as they are the reverse side of pages 2 and 10, respectively.

### **How to Obtain a Copy of the Revised *Guidebook***

The November 1999 *Guidebook* is replaced by the June 2000 version and includes the revised pages in the attachment. It is available from the Commission's Web Site at:

[<www.energy.ca.gov/renewables/documents/index.html>](http://www.energy.ca.gov/renewables/documents/index.html).

The *Guidebook* is not being mass mailed to avoid unnecessary reproduction and mailing costs. If you would like a copy mailed to you, however, contact the Energy Commission's Publications Unit at (916) 654-4295 and request publication number P500-97-011V4. You may also submit a written request to the Publications Unit at: 1516 Ninth Street, MS-45, Sacramento, CA 95814.

### **Assistance**

Members of the public who have technical questions regarding the subject matter of this notice may contact Heather Raitt, manager of the Customer Credit Subaccount, by phone at (916) 654-4735 or by e-mail at [<hraitt@energy.state.ca.us>](mailto:hraitt@energy.state.ca.us). News media should direct inquiries to Claudia Chandler, Assistant Executive Director, at (916) 654-4989.

Dated:

**STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION**

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**MICHAL C. MOORE**

Commissioner and Presiding Member  
Electricity and Natural Gas Committee

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**ARTHUR H. ROSENFELD**

Associate Member  
Electricity and Natural Gas Committee

Attachment

Mass Mail Lists: Master63/Customer Credit

**Changes to the  
Guidebook to the Renewable Technology  
Program, Volume 4 — Customer Credit  
Subaccount**

**To Reduce the Credit Level to 1.0 Cent per KWh  
Effective July 1, 2000-December 31, 2000**

**Revised Cover, Introductory Page,  
and Pages 2 and 10**

This attachment replaces the corresponding pages in the November 1999 *Guidebook*. Pages 1 and 9 are included for your convenience as they are the reverse side of pages 2 and 10, respectively.

**Adopted by the Commission at the  
June 14, 2000 Business Meeting**

**These guidelines were formally adopted by the California Energy Commission on January 21, 1998, and subsequently revised on January 6, 1999, November 17, 1999, and June 14, 2000, pursuant to Senate Bill 90 (Chp. 905, Stats. 97).**

**This Guidebook contains general instructions for renewable power providers on how to qualify and receive funding from the Customer Credit Subaccount of the Renewable Resource Trust Fund. For more detailed information on the Renewable Resource Trust Fund, please see the Energy Commission's *Policy Report on AB 1890 Renewables Funding*. The report (Publication Number P500-97-002) may be obtained through the California Energy Commission's Publications Office at (916) 654-5200.**

# Introduction

Assembly Bill 1890 (AB 1890)<sup>1</sup>, enacted on September 23, 1996, provides \$540 million for the support of renewables electricity generation technologies. These funds will be collected from the ratepayers of the three largest investor owned utilities in California from 1998 through March 31, 2002, to support existing, new, and emerging renewable electricity generation technologies. As part of the requirements of AB 1890, the California Energy Commission (Energy Commission) submitted a report to the Legislature with recommendations for allocating the \$540 million.

Senate Bill 90 (SB 90)<sup>2</sup>, enacted on October 12, 1997, places the \$540 million into the **Renewable Resource Trust Fund**, and directs the distribution of funds through four accounts: Existing Renewable Resources Account, New Renewable Resources Account, Emerging Renewable Resources Account, and Customer-Side Renewable Resource Purchases Account (which is divided into the Customer Credit Subaccount and Consumer Education). Table 1 shows funding allocations by year.

**Table 1**  
**Yearly Allocations to Renewable Technologies<sup>3</sup>**

Account	1998	1999	2000	2001	Overall	(in millions)
Existing Technologies	57%	49%	41%	33%	45%	\$243
New Technologies	24%	28%	32%	36%	30%	\$162
Emerging Technologies	10%	10%	10%	10%	10%	\$54
Customer -Side	9%	13%	17%	21%	15%	\$81

To assist those interested in participating in the Renewables Program, the Energy Commission developed account-specific guidebooks for the Renewable Technology Program. These initial guidebooks are identified as volumes 1 through 4, with each volume corresponding to an account in the **Renewables Resource Trust Fund**:

- Volume 1 - Existing Renewable Resources Account
- Volume 2 - New Renewable Resources Account
- Volume 3 - Emerging Renewable Resources Account
- Volume 4 - Customer Credit Subaccount of the Customer-Side Renewable Resource Purchases Account

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<sup>1</sup> Chapter 854, Statutes of 1996

<sup>2</sup> Chapter 905, Statutes of 1997

<sup>3</sup> These percentages apply to \$135 million dollars annually for four years as assumed in the **Policy Report on AB 1890 Renewables Funding**. Due to the fact that \$135 million will not be collected in the early years, it may be necessary to borrow funds from one account to make payments in another account equal to the absolute amounts expected annually. This will be done only if the account from which money is borrowed is not adversely affected. All funds borrowed will be returned to the appropriate account.

awards from the Existing, New and Emerging Accounts, and the Customer Credit Subaccount. This guidebook, identified as Volume 4, addresses the application and funding process for the Customer Credit Subaccount of the **Renewable Resource Trust Fund**.

## Overview of Customer Credit

The Customer Credit Subaccount is designed to allow end-use customers to receive a rebate from the **Renewable Resource Trust Fund** (14 percent of the overall funds are allocated to this Subaccount, for a total of \$75.6 million). The funds will be paid to registered renewable providers that deliver power from registered, in-state renewable suppliers or wholesalers<sup>4</sup> in direct-access contracts or contracts for differences (see Definitions ). The providers will in turn pass the rebate along to customers, who will see it on their electricity bill. Renewable wholesalers may also participate in the program, but will not receive funds since wholesalers do not sell directly to end-users.

Funds will be distributed through a cents-per-kilowatt-hour (kWh) credit. Providers will be reimbursed for credit they pass onto consumers based on the cent-per-kWh credit level for eligible renewable power. For the first six months of this program, the credit level was set at 1.5 cents-per-kWh (the maximum allowable) in order to provide a stable market signal. Since funds were under-subscribed during the opening of the program, the credit level was set at 1.5 cents-per-kWh for the second six months of the program, ending on March 31, 1999. The credit level was held constant at 1.5 cents per kWh after the second six-month block through November 1999. Effective December 1, 1999 (load served in the December 1999 performance period), the credit level was lowered to 1.25 cents per kWh through June 2000.

From July 1, 2000 through December 31, 2000 (load served in the July 2000 - December 2000 performance periods) the credit level is set at 1.0 cent per kWh. The Electricity and Natural Gas Committee of the Energy Commission (Committee) will hold a public proceeding to re-evaluate the credit level near the end of this six-month block.

There is a cap of \$1,000 that any one non-residential or non-small commercial customer may receive in one year. Further, the combined non-residential and non-small commercial class may not receive more than \$15 million from the Customer Credit Subaccount.

The funds available for the Customer Credit Subaccount increase over time from 1998 through 2001 to reflect anticipated market growth as shown in Table 2. Annual funding allocations will be further allocated by month, and any unused funds will remain in the Customer Credit Subaccount for use in later months. At the end of the year 2001, any unused funds from all accounts will be reallocated to any one or more of the accounts within the **Renewable Resource Trust Fund**, based on market conditions at that

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<sup>4</sup> A wholesaler is an entity which buys and sells electricity to providers, or one who acts as a broker in negotiating sales of power to providers.

they sell or broker power. Hence, registered wholesalers must submit Monthly Performance Reports on a monthly basis if at least one of their providers submits reports monthly.

## Monthly Reporting Requirements and Procedures

Registered, renewable providers are required to report monthly performance data so that Energy Commission staff may calculate the payment from the Customer Credit Subaccount and ensure that payment distribution is consistent with legislative direction. Providers will be reimbursed for credit they have passed on to consumers based on a cent-per-kWh credit level for eligible renewable power.

To receive payments from the Customer Credit Subaccount, providers must submit a properly completed form CEC-1890D-2, Monthly Performance Report for Renewable Providers and Wholesalers. Each Monthly Performance Report must contain data with respect to customer sales for only one performance period. For example, all data on sales in January must be shown on a Monthly Performance Report for January, and activity in February must be submitted on a separate Monthly Performance Report. One Monthly Performance Report may, however, show that the eligible energy was generated in several different months, as long as sales to customers all occur during the performance period. Data for more than one product must be aggregated on one Monthly Performance Report.

On the Monthly Performance Report, providers may claim purchases from specific suppliers and/or wholesalers. Registered renewable wholesalers are required to submit form CEC-1890D-2, Monthly Performance Report for Providers and Wholesalers, on a schedule no less frequent than the providers to whom they sell or broker power.

Providers and registered wholesalers are encouraged to submit Monthly Performance Reports as soon as possible; however, the Energy Commission will not process payments on invoices prior to one month and 10 days after the end of the performance period. Note, for purposes of this discussion, calendar month refers to when MPRs are submitted to the Commission, and performance period refers to the month that the load was served. During the calendar months June 1998 through May 1999, the Commission accepted invoices from the 10 most recent applicable performance periods (that is, invoices were accepted up to 10 months and 10 days from the end of the performance period). For the calendar months June 1999 through December 1999, the Commission is accepting MPRs from the 7 most recent applicable performance periods (invoices accepted up to 7 months and 10 days from the end of the performance period). **Effective calendar month January 2000, the Commission will accept only invoices from the three most recent applicable performance periods -- September, October and November 1999 (invoices accepted up to 3 months and 10 days from the end of the performance period). Consequently, an August 1999 MPR will not be accepted after December 10, 1999.**

The Monthly Performance Reports are due to the Energy Commission by the Invoice Due Dates shown in Table 3 in order for the Energy Commission to make payments by the corresponding Anticipated Payment Date. Invoices received after a given Invoice Due Date will be processed the following month. Invoices may be submitted by mail or in person by 5:00 p.m. to the following address: **California Energy Commission, Accounting Office/ 1516 9th Street, MS-2 / Sacramento, CA 95814-5512**. The form may also be submitted by **Fax (# 916/653-1435)** no later than midnight of the due date. Incomplete or illegible invoices will be returned with a written notice explaining why the invoice was rejected.

The Energy Commission intends to make payments from the Customer Credit Subaccount to qualified providers within 5 weeks of the Invoice Due Date. Therefore, payments for the Monthly Performance Reports submitted by January 11, 1999 should be mailed on or about February 17, 1999. Payment for the Monthly Performance Reports submitted by February 10, 1999 should be mailed on or about March 19, 1999, and so on. Providers will receive a monthly statement showing their payment calculation and the program-to-date status. Wholesalers will also receive a monthly statement confirming receipt of their monthly performance report. Sample statements are included in the Forms and Samples section at the end of this document.

The credit level, the rebate per kWh, was held constant over two six-month periods for the first year of the program. For the first six months of the program, the credit level was set at 1.5 cents-per-kWh. The Renewables Committee reset the credit level at 1.5 cents-per-kWh for the next six months, ending March 31, 1999. The credit level remained at 1.5 cents-per-kWh through November 1999.

Effective December 1, 1999 (the load served in December 1999 for the December 1999 performance period) through June 2000, the credit level is set at 1.25 cents per kWh. From July 1, 2000 (the load served in July for the July 2000 performance period) through December 31, 2000 (the load served in December for the December 2000 performance period), the credit level is set at 1.0 cent per kWh. The Committee will hold a public proceeding near the close of this six month period to determine how to re-set the credit level, if necessary, for the next six month block effective January 2001 through June 2001. At no time will the credit level exceed 1.5 cents-per-kWh.

Providers are not required to conduct business with registered wholesalers to participate in the distribution of funds from the Customer Credit Subaccount. On their monthly performance reports, providers may show that they obtained eligible energy from either: 1) registered, in-state renewable suppliers that satisfy the funding criteria described on pages 3-5 and 17 or 2) registered wholesalers. Thus, providers who conduct business with wholesalers that do not register with the Energy Commission shall state on their monthly performance reports (in Box 9) that the energy is generated by registered, in-state renewable suppliers that satisfy the funding criteria.

Providers may receive a payment as reimbursement for the credit they have passed on to eligible, end-use customers for qualified renewable generation sold. The Energy Commission intends to ensure that payments from the Customer Credit Subaccount are only made after both of the following criteria are met: eligible renewables have been purchased by providers AND credits have been passed on to consumers. To allow providers flexibility in billing without being penalized for monthly variations in their